

ST. AGNES FOUNDATION, INC.
Baltimore, Maryland

FINANCIAL STATEMENTS
June 30, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

Board of Directors
St. Agnes Foundation, Inc.
Baltimore, Maryland

We have audited the accompanying financial statements of St. Agnes Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

Baltimore, Maryland

September 13, 2015

FINANCIAL STATEMENTS

ST. AGNES FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,699,165	\$ 1,764,168
Accounts receivable - other	9,083	9,083
Pledges receivable, net of allowance, unrestricted	392,332	258,839
Pledges receivable, net of allowance, restricted	891,723	885,832
Interest receivable	16,623	17,904
Total current assets	3,008,926	2,935,826
INVESTMENTS	11,728,818	11,536,151
RESTRICTED ASSETS		
Investments restricted by grantor or donor	3,599,402	3,516,616
Long-term pledges receivable, net of discount and allowance	274,536	777,757
Total restricted assets	3,873,938	4,294,373
TOTAL ASSETS	\$ 18,611,682	\$ 18,766,350
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable - St. Agnes Health Care	\$ 402,378	\$ 189,451
Accounts payable - other	105,482	91,687
Total current liabilities	507,860	281,138
NET ASSETS		
Unrestricted net assets	13,338,164	13,242,366
Temporarily restricted net assets:		
Harry & Jeannette Weinberg Endowment	2,308,992	2,455,689
Cardiac access	2,025	2,025
Other	76,454	80,601
Funds for the benefit of SAHC	2,046,233	2,372,577
Total temporarily restricted net assets	4,433,704	4,910,892
Permanently restricted net assets:		
Infinity endowment	331,954	331,954
Total net assets	18,103,822	18,485,212
TOTAL LIABILITIES AND NET ASSETS	\$ 18,611,682	\$ 18,766,350

The accompanying notes are an integral part of the financial statements.

ST. AGNES FOUNDATION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended June 30, 2015 and 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT								
Contribution revenue:								
Special events revenue	\$ 120,693	\$ 437,872	\$ -	\$ 558,565	\$ 428,196	\$ 4,400	\$ -	\$ 432,596
Annual and planned giving	331,997	-	-	331,997	311,694	-	-	311,694
Capital campaign	-	527,016	-	527,016	-	608,606	-	608,606
Other	-	451,487	-	451,487	-	428,216	-	428,216
Total contribution revenue	<u>452,690</u>	<u>1,416,375</u>	<u>-</u>	<u>1,869,065</u>	<u>739,890</u>	<u>1,041,222</u>	<u>-</u>	<u>1,781,112</u>
Investment income:								
Interest and dividend income (net)	244,276	3,939	-	248,215	135,933	9,161	-	145,094
Gain on sale of investments	617,751	63,214	-	680,965	2,507,520	288,376	-	2,795,896
Unrealized gain (loss) on investments	<u>(151,265)</u>	<u>(24,333)</u>	<u>-</u>	<u>(175,598)</u>	<u>(1,116,034)</u>	<u>(158,335)</u>	<u>-</u>	<u>(1,274,369)</u>
Total investment income	<u>710,762</u>	<u>42,820</u>	<u>-</u>	<u>753,582</u>	<u>1,527,419</u>	<u>139,202</u>	<u>-</u>	<u>1,666,621</u>
Net assets released from restrictions	<u>1,936,383</u>	<u>(1,936,383)</u>	<u>-</u>	<u>-</u>	<u>1,783,528</u>	<u>(1,783,528)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>3,099,835</u>	<u>(477,188)</u>	<u>-</u>	<u>2,622,647</u>	<u>4,050,837</u>	<u>(603,104)</u>	<u>-</u>	<u>3,447,733</u>
EXPENSES								
Program services:								
Grants	777,326	-	-	777,326	764,041	-	-	764,041
Capital campaign	<u>1,200,450</u>	<u>-</u>	<u>-</u>	<u>1,200,450</u>	<u>1,150,000</u>	<u>-</u>	<u>-</u>	<u>1,150,000</u>
Total program services	<u>1,977,776</u>	<u>-</u>	<u>-</u>	<u>1,977,776</u>	<u>1,914,041</u>	<u>-</u>	<u>-</u>	<u>1,914,041</u>
Special Events	127,690	-	-	127,690	115,752	-	-	115,752
Annual and planned giving	490,036	-	-	490,036	433,854	-	-	433,854
Management and general	<u>408,535</u>	<u>-</u>	<u>-</u>	<u>408,535</u>	<u>473,194</u>	<u>-</u>	<u>-</u>	<u>473,194</u>
Total expenses	<u>3,004,037</u>	<u>-</u>	<u>-</u>	<u>3,004,037</u>	<u>2,936,841</u>	<u>-</u>	<u>-</u>	<u>2,936,841</u>
CHANGE IN NET ASSETS	95,798	(477,188)	-	(381,390)	1,113,996	(603,104)	-	510,892
NET ASSETS, BEGINNING OF YEAR	<u>13,242,366</u>	<u>4,910,892</u>	<u>331,954</u>	<u>18,485,212</u>	<u>12,128,370</u>	<u>5,513,996</u>	<u>331,954</u>	<u>17,974,320</u>
NET ASSETS, END OF YEAR	<u>\$ 13,338,164</u>	<u>\$ 4,433,704</u>	<u>\$ 331,954</u>	<u>\$ 18,103,822</u>	<u>\$ 13,242,366</u>	<u>\$ 4,910,892</u>	<u>\$ 331,954</u>	<u>\$ 18,485,212</u>

The accompanying notes are an integral part of the financial statements.

ST. AGNES FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (381,390)	\$ 510,892
Adjustments to reconcile change in net unrestricted assets to net cash used in operating activities:		
Gain on sale of investments	(680,965)	(2,795,896)
Unrealized loss (gain) on investments	175,598	1,274,369
Effects of changes in operating assets and liabilities:		
Accounts receivable - other	-	2,612
Pledges receivable	363,837	467,346
Interest receivable	1,281	8,034
Accounts payable	226,722	127,697
	<u>(294,917)</u>	<u>(404,946)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(9,658,676)	(12,030,636)
Sales and maturities of investments	9,888,590	12,853,944
	<u>229,914</u>	<u>823,308</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	(65,003)	418,362
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		
	<u>1,764,168</u>	<u>1,345,806</u>
CASH AND CASH EQUIVALENTS, END OF YEAR		
	<u>\$ 1,699,165</u>	<u>\$ 1,764,168</u>

The accompanying notes are an integral part of the financial statements.

ST. AGNES FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St. Agnes Foundation, Inc. (the Foundation) is a not-for-profit, nonstock corporation established to solicit, receive, hold, invest, and reinvest gifts and bequests, which are made primarily for the benefit of St. Agnes Health Care (SAHC), including the surrounding communities, in support of SAHC's health-related activities. The Foundation and SAHC are members of Ascension Health, a Catholic, national, multi-unit, not-for-profit corporation. The members of the Foundation Board of Directors are appointed by SAHC. Significant accounting policies followed by the Foundation are presented below.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents, and they are carried at cost, which approximates fair value.

Pledges Receivable

Unconditional promises to give cash and other assets are reported at fair value as pledges receivable at the date the promise is received. Long-term pledges are discounted to net present value, less a provision for pledges considered uncollectible or adjustments, which arise as a result of management review.

Restricted Pledges Receivable

Certain pledges receivable are classified as restricted based on grantor or donor restrictions of their use.

Investments

Investments (including restricted investments) are comprised of United States government obligations and equity investments and are carried at fair market value as of the date of the statements of financial position. Changes in fair market value are recognized in the period in which the change occurs in the statements of activities and changes in net assets. Investment income and losses on investments of temporarily restricted assets are added to the appropriate temporarily restricted net assets when restricted as to use by the donor.

The Foundation periodically evaluates whether any declines in the fair market value of investments are other than temporary. Declines in fair market value below cost that are deemed to be other than temporary are recorded as realized losses and are included in "other than temporary impairment of investments" in the accompanying statements of activities and changes in net assets.

ST. AGNES FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equipment

Equipment is recorded at cost. The Foundation capitalizes all items over \$10,000 that have a useful life greater than one year. Depreciation is computed utilizing the straight-line method over useful lives of three to five years.

Net Assets

Unrestricted Net Assets

The Foundation reports contributions received without explicit donor restrictions as unrestricted.

Temporarily Restricted Net Assets

The Foundation reports gifts of cash or other assets as temporarily restricted support if the contributions are received with donor stipulations that limit the use of the assets to a particular purpose or designate an affiliated entity as the ultimate beneficiary. The investment income generated from these funds is generally restricted. Any temporary restricted resource that is received and used during the same year is considered an unrestricted resource and is reported as unrestricted support and expense.

Permanently Restricted Net Assets

The Foundation reports gifts of cash and other assets as permanently restricted support if contributions are received with donor-imposed restrictions that stipulate that the resources be maintained in perpetuity. The investment income generated from these funds is temporarily restricted until the funds are used as set forth in the endowment agreement.

Income Taxes

The Internal Revenue Service (IRS) has ruled that the Foundation qualifies under Section 501(c)(3) of the Internal Revenue Code (IRC) and is, therefore, not subject to tax under current income tax regulations. The Foundation is not a private foundation.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 2 – PLEDGES RECEIVABLE

	<u>2015</u>	<u>2014</u>
Gross pledges receivable	\$ 1,786,319	\$ 2,236,199
Less: discount	54,148	99,765
Less: allowance for uncollectible pledges	<u>173,580</u>	<u>214,006</u>
Net pledges receivable	<u>\$ 1,558,591</u>	<u>\$ 1,922,428</u>

ST. AGNES FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 2 – PLEDGES RECEIVABLE (CONTINUED)

	<u>2015</u>	<u>2014</u>
Amounts due in:		
Less than one year	\$ 1,284,055	\$ 1,144,671
One to five years	<u>274,536</u>	<u>777,757</u>
Total	<u>\$ 1,558,591</u>	<u>\$ 1,922,428</u>

During 2006, the Foundation began a \$25 million capital campaign. This campaign is to provide resources for the expansion and redevelopment of SAHC. Of the \$1,687,239 gross pledges receivable outstanding at June 30, 2015, \$1,128,949 relates to capital campaign pledges. Of the \$2,137,775 gross pledges receivable outstanding at June 30, 2014, \$1,835,243 relates to capital campaign pledges.

Pledges receivables have been discounted using rates ranging between 1.26% and 6.14% for the year ended June 30, 2015 and between 1.63% and 7.41% for the year ended June 30, 2014.

NOTE 3 – INVESTMENTS

Investments are comprised of the following:

	<u>2015</u>		<u>2014</u>	
	<u>Original Cost</u>	<u>Fair Value</u>	<u>Original Cost</u>	<u>Fair Value</u>
Corporate stock	\$ 3,368,240	\$ 6,313,726	\$ 5,073,415	\$ 8,121,420
Mutual funds	3,802,894	3,923,060	2,084,583	2,180,659
Asset backed securities	56,837	83,511	1,942,066	1,935,967
U.S. Treasury, municipal, and corporate obligations	<u>6,064,346</u>	<u>5,007,923</u>	<u>2,742,040</u>	<u>2,814,721</u>
Total	<u>\$ 13,292,317</u>	<u>\$ 15,328,220</u>	<u>\$ 11,842,104</u>	<u>\$ 15,052,767</u>

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS

ACS 820-10-35-37 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

- Level 1** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

ST. AGNES FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the assets or liabilities.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2015 and 2014.

Investment in Corporate Stock and Mutual Funds

Corporate stocks and mutual funds listed or traded on a national market or exchange are valued at the last sales prices, or if there is no sale and the market is still considered active, at the mean of the last bid and asked prices on such exchange. Such securities are classified within Level 1 of the valuation hierarchy.

Investment in Asset Backed Securities

Asset backed securities are generally valued at the most recent bid price of the equivalent quoted yield for such securities (or those of comparable maturity, quality, and type). The Foundation's investments in asset backed securities consist of U.S. Federal Agency Bonds. Such securities are generally classified within Level 2 of the valuation hierarchy.

Investment in U.S. Treasury Securities

U.S. Treasury securities, such as bills, notes, bonds and TIPS, are valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality and type. Such securities are generally classified within Level 2 of the valuation hierarchy.

ST. AGNES FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Investment in State and Municipal Securities

State and Municipal securities are generally valued at the most recent bid price of the equivalent quoted yield for such securities (or those of comparable maturity, quality, and type). The Foundation's investments in state and municipal securities consist of municipal bonds. Such securities are generally classified within Level 2 of the valuation hierarchy.

Investment in Corporate Obligations

Debt securities are generally valued at the most recent bid price of the equivalent quoted yield for such securities (or those of comparable maturity, quality, and type). The Foundation's investments in debt securities consist of FDIC backed bonds and corporate bonds. Such securities are generally classified within Level 2 of the valuation hierarchy.

The following table presents the Foundation's financial instruments measured at fair value by classification within the fair value hierarchy as of June 30, 2015:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Corporate stocks	\$ 6,313,726	\$ -	\$ -	\$ 6,313,726
Mutual funds	3,923,060	-	-	3,923,060
Asset backed securities	-	83,511	-	83,511
U.S. Treasury obligations	-	3,794,017	-	3,794,017
State and Municipal securities	-	470,856	-	470,856
Corporate obligations	-	743,050	-	743,050
Total	\$ 10,236,786	\$ 5,091,434	\$ -	\$ 15,328,220

The following table presents the Foundation's financial instruments measured at fair value by classification within the fair value hierarchy as of June 30, 2014:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Corporate stocks	\$ 8,121,420	\$ -	\$ -	\$ 8,121,420
Mutual funds	2,180,659	-	-	2,180,659
Asset backed securities	-	1,935,967	-	1,935,967
U.S. Treasury obligations	-	33,495	-	33,495
State and Municipal securities	-	1,610,330	-	1,610,330
Corporate obligations	-	1,170,896	-	1,170,896
Total	\$ 10,302,079	\$ 4,750,688	\$ -	\$ 15,052,767

ST. AGNES FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 5 – ENDOWMENTS

Temporarily and Permanently Restricted Endowments

The Foundation's endowments consist of approximately \$2.6 million of funds established for a variety of purposes. These endowments consist of donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on donor-imposed restrictions.

The Foundation's Board of Directors has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and, if applicable (c) accumulations to the permanent endowment made in accordance with the related gift's donor instructions. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard for expenditure as prescribed by Maryland UPMIFA. In accordance with Maryland UPMIFA, the Foundation considers the following factors in making determinations to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

Endowment Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Maryland UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets. As of June 30, 2015, the Foundation did not have any endowment funds with deficiencies.

Return Objectives and Risk Parameters

The Foundation's Board of Directors has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Additionally, the Foundation is committed to investing in socially responsible companies. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as amounts set aside by the Board of Directors to function as endowments. Under these policies, endowment assets are invested in a manner that is intended to provide long-term growth, interest and dividends. Actual results are compared quarterly to a mix of benchmark indices, such as the Russell 3000 and the S&P 500 indices, to ensure a competitive return on investment.

ST. AGNES FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 5 – ENDOWMENTS (CONTINUED)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The spending policy for each endowment is based upon the donor-specified terms. The Harry and Jeannette Weinberg endowment allows distributions of up to 5% of the average fund principal during the preceding year. In any fiscal year in which the Foundation chooses not to distribute some or all of the distributable amount for that fiscal year, the Foundation is permitted to accumulate and carry-forward the undistributed amounts. Earnings of the fund in excess of amounts distributable shall be retained and added to principal for purposes of preserving and/or enhancing the purchasing power of future permitted distributions. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets.

All income or losses related to the Infinity endowment are classified as unrestricted and used to offset the operating expenses of the Foundation.

Endowment Net Asset Composition by Type of Fund as of June 30, 2015

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 2,308,992	\$ 331,954	\$ 2,640,946

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2015

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning balance	\$ 2,455,689	\$ 331,954	\$ 2,787,643
Investment return:			
Investment income, net of investment expenses	19,489	-	19,489
Realized gains	63,214	-	63,214
Unrealized losses	(24,333)	-	(24,333)
Total investment return	<u>58,370</u>	<u>-</u>	<u>58,370</u>
Appropriation of endowment assets for expenditure	<u>(205,067)</u>	<u>-</u>	<u>(205,067)</u>
Endowment net asset, ending balance	<u>\$ 2,308,992</u>	<u>\$ 331,954</u>	<u>\$ 2,640,946</u>

ST. AGNES FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 5 – ENDOWMENTS (CONTINUED)

Endowment Net Asset Composition by Type of Fund as of June 30, 2014

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 2,455,689	\$ 331,954	\$ 2,787,643

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2014

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning balance	\$ 2,465,528	\$ 331,954	\$ 2,797,482
Investment return:			
Investment income, net of investment expenses	26,403	-	26,403
Realized gains	288,376	-	288,376
Unrealized gains	(158,335)	-	(158,335)
Total investment return	<u>156,444</u>	<u>-</u>	<u>156,444</u>
Appropriation of endowment assets for expenditure	<u>(166,283)</u>	<u>-</u>	<u>(166,283)</u>
Endowment net asset, ending balance	<u>\$ 2,455,689</u>	<u>\$ 331,954</u>	<u>\$ 2,787,643</u>

NOTE 6 – NET ASSETS RELEASED FROM RESTRICTIONS

For the years ended June 30, net assets released from restrictions were expended as follows:

	<u>2015</u>	<u>2014</u>
Grants to SAHC from the Capital Campaign proceeds	\$ 901,680	\$ 1,150,000
Capital Campaign (direct costs and allocation of Foundation salaries)	(39,824)	(16,596)
Grant to SAHC from Gala proceeds	298,770	-
Gala (direct costs)	139,027	(25)
Grants issued from the Weinberg fund	205,068	166,283
Grants issued from other restricted funds	<u>431,662</u>	<u>483,866</u>
Total	<u>\$ 1,936,383</u>	<u>\$ 1,783,528</u>

The above expenditures are reflected in program services expenses on the statements of activities and changes in net assets.

ST. AGNES FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 7 – RELATED PARTY TRANSACTIONS

SAHC provides certain administrative and accounting services to the Foundation. The Foundation reimburses SAHC for the actual cost of services provided. For the fiscal years ended June 30, 2015 and 2014, these services totaled \$45,000 per year, and are recorded as management and general expenses on the statements of activities and changes in net assets. At June 30, 2015 and 2014, the Foundation has recorded liabilities of \$402,378 and \$189,451, respectively, related to these services as well as other reimbursable salary and benefit costs of Foundation employees paid by SAHC on behalf of the Foundation. A significant portion of this amount payable is due to Ascension Health which began processing the Foundation's expenses beginning in 2014. Amounts due to SAHC are non interest-bearing and have no set repayment terms.

At June 30, 2015 and 2014, the Foundation held \$2,046,236 and \$2,372,577, respectively, which is designated by the donors to benefit SAHC. These designated funds will be released as contributions are made from the Foundation to SAHC.

NOTE 8 – GRANTS

Grant expenditures for the years ended June 30 are comprised of the following:

	<u>2015</u>	<u>2014</u>
Grants from unrestricted funds:		
Grants from unrestricted funds (includes allocation of Foundation salaries for grant administration of \$104,596 and \$90,538 for 2015 and 2014, respectively)	\$ 140,596	\$ 113,892
Subtotal	<u>140,596</u>	<u>113,892</u>
Grants from restricted funds:		
Grants to SAHC from the Capital Campaign proceeds	\$ 901,680	\$ 1,150,000
Grant to SAHC from Gala proceeds	298,770	-
Grants issued from the Weinberg fund	205,068	166,283
Grants issued from other restricted funds	431,662	483,866
Subtotal	<u>1,837,180</u>	<u>1,800,149</u>
Total grants	<u>\$ 1,977,776</u>	<u>\$ 1,914,041</u>

NOTE 9 – CONCENTRATIONS OF CREDIT RISK

At June 30, 2015, the Foundation maintained all of its cash in two commercial banks. Balances on deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured. Total cash held by the banks at June 30, 2015 and 2014 was \$695,845 and \$1,012,026, respectively.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 9 – CONCENTRATIONS OF CREDIT RISK (Continued)

For the year ended June 30, 2015, the Foundation had two donors that accounted for 12.3% and 11.5% of total revenues. For the year ended June 30, 2014, the Foundation had one donor that accounted for 10.6% of total revenues.

One donor accounted for 28% and 45% of the gross pledges receivable balance at June 30, 2015 and 2014, respectively.

NOTE 10 – RISKS AND UNCERTAINTIES

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

NOTE 11 – INCOME TAXES

The Foundation adopted the provisions of FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes* (FASB ASC 740-10), on July 1, 2009. Management has determined that the Foundation has no material uncertain tax positions that would require recognition under FIN 48.

NOTE 12 – SUBSEQUENT EVENTS

Management evaluated subsequent events through September 13, 2015, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2015, but prior to September 13, 2015, that provided additional evidence about conditions that existed at June 30, 2015, have been recognized in the financial statements for the year ended June 30, 2015. Events or transactions that provided evidence about conditions that did not exist at June 30, 2015, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2015.